MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BFN1114 – INTRODUCTION TO FINTECH

(All Sections / Groups)

13th July 2023
9.00 a.m. to 11.00 a.m.
(2 Hours)

INSTRUCTION TO STUDENT

1. This Question paper consists of 3 pages with **THREE (3)** Questions only. (Including Front Page)

2. Answer **ALL** questions.

3. Write your answers in the Answer Booklet provided.

QUESTION 1 (40%)

Crowdfunding has become a popular way for start-ups to raise funds in recent years. Crowdfunding platforms like Kickstarter, Indiegogo, and GoFundMe allow entrepreneurs to pitch their business ideas to a large audience and gather financial support from people who believe in their vision. According to Statista, the global crowdfunding market was valued at $13.9 billion in 2020 and is expected to reach $28.8 billion by 2025, representing a compound annual growth rate of 15.1%.

Required

a) Define start-up and discuss the stages of start-up funding. (15 marks)

b) What are the different types of crowdfunding, and how do they work? (12 marks)

c) How much of a stake in the start-up would you have if you invested $10 million now? with the expectation that the company will go public in the next four years and earn $10 million, assuming 50 times earnings multiple and the required rate of return is 8% per year. (13 marks)

QUESTION 2 (30%)

According to a report by Statista from China, the total transaction value of mobile payments in China was around 59 trillion yuan (approximately USD $9 trillion) in 2020, with WeChat Pay and Alipay accounting for a significant portion of that amount. As of 2021, WeChat Pay and Alipay have over one billion active users and becoming the preferred payment method for many Chinese consumers.

Required

a) with e-wallets, People will no longer carry currency with them in the future. Do you agree with me? Justify. (12 marks)

b) Describe how the point of sale has changed from the traditional to the modern method. (9 marks)

c) Identify and discuss the two major players in Malaysia's e-wallets. (9 marks)

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QUESTION 3 (30%)

Revolut is a British financial technology company that offers banking services. Headquartered in London, it was founded in 2015 by Nikolay Storonsky and Vlad Yatsenko. According to CBI insights, its value had ballooned from 1.8 billion to 33 billion within the last 5 years. Additionally, as per the article "Mastering digital reinvention in retail banking", an estimated 30% of banking revenues from Italy, France, and Germany are being lost due to digital technology. In a nutshell, it shows the significance of Fintech.

On the other hand, JPMorgan Chase & Co's CEO Jamie Dimon, warned against overreacting to the impact of technology on jobs. In a LinkedIn interview, Dimon stated that while the bank is leveraging technology to cut costs, it is also helping to develop new opportunities. He expects his company's staff numbers to continue to climb as it adds more technology workers.

Required

a) Define fintech and discuss the revolution of fintech in Malaysia for the past 10 years. (15 marks)

b) Bank Negara Malaysia recently awarded five digital banking licenses in April 2022. List the five winning bidders and discuss to what extent digital banks can replace the traditional banking. (15 marks)

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